GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:276
ANSWERED ON:16.03.2007
FOREIGN BANKS IN INDIA
Chakraborty Shri Ajay

Will the Minister of FINANCE be pleased to state:

(a) whether it has come to the notice of the Government that some of the foreign banks functioning in India are not adhering to the terms and conditions prescribed by the Reserve Bank of India;

(b) if so, the details thereof; and

(c) the steps taken or being taken against those erring banks?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (c) : A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.276 FOR 16TH MARCH, 2007 REGARDING FOREIGN BANKS IN INDIA TABLED BY SHRI AJOY CHAKRABORTY

(a) to (c): All banks, including foreign banks, are supervised through a process of on-site and off-site supervision and monitored by a follow-up mechanism by Reserve Bank of India (RBI) to ensure adherence to the various regulations prescribed by it.The management of each bank is required to ensure compliance with RBI regulations.
All banks, including foreign banks, have been complying with the regulatory norms prescribed by RBI. Where cases of non-compliance come to the notice of RBI, immediate remedial action is taken by it against the defaulting bank. In two such instances that have come to the notice of RBI since 1st January, 2006, RBI has imposed penalties of Rs. 5 lakhs each on two foreign banks i.e. Citi Bank and Standard Chartered Bank for violation of RBI guidelines / directives / instructions relating to monitoring of suspicious transactions, adherence to `KYC norms` under ` Section 47A of the Banking Regulation Act, 1949.